

ORIGINAL

NEW APPLICATION



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BEFORE THE ARIZONA CORPORATION COMMISSION
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DOCKET CONTROL

COMMISSIONERS

Arizona Corporation Commission

2017 NOV 29 P 1:44

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BOYD DUNN
JUSTIN OLSON

NOV 29 2017

DOCKETED BY

In the matter of:

DOCKET NO. S-21032A-17-0355

LAWSON FINANCIAL CORPORATION
(CRD# 15261), a Florida corporation,

NOTICE OF OPPORTUNITY FOR
HEARING REGARDING PROPOSED
ORDER OF REVOCATION

ROBERT WARREN LAWSON (CRD#
501167),

Respondents.

NOTICE: EACH RESPONDENT HAS 10 DAYS TO REQUEST A HEARING

EACH RESPONDENT HAS 30 DAYS TO FILE AN ANSWER

The Securities Division ("Division") of the Arizona Corporation Commission ("Commission") alleges that Respondents Lawson Financial Corporation ("LFC") and Robert Warren Lawson ("Lawson") have engaged in acts, practices, and transactions that provide grounds for revocation of LFC's registration as a securities dealer and Lawson's registration as a securities salesman under the Securities Act of Arizona, A.R.S. § 44-1801 *et seq.* ("Securities Act").

I.

JURISDICTION

1. The Commission has jurisdiction over this matter pursuant to Article XV of the Arizona Constitution and the Securities Act.

II.

RESPONDENTS

2. LFC is a corporation organized under the laws of the state of Florida on or about May 17, 1984.

1 3. At all times material to this matter, Lawson has been a resident of Arizona.

2 4. Lawson has been the president and chief executive officer of LFC since May 1984.

3 5. From on or about August 17, 1984 through January 31, 2017, LFC was registered with
4 the Financial Industry Regulatory Authority ("FINRA") as a member, and Lawson was registered
5 with FINRA as a general securities representative in association with LFC.

6 6. From on or about August 15, 1984, LFC has been registered with the Commission as
7 a securities dealer.

8 7. From on or about December 1, 1986, Lawson has been registered with the
9 Commission as a securities salesman.

10 8. LFC and Lawson may be referred to collectively as "Respondents."

11 **III.**

12 **FACTS**

13 9. On May 16, 2016, FINRA filed a Complaint ("the FINRA Complaint") against
14 Respondents, commencing FINRA Disciplinary Proceeding No. 2014043854401.

15 10. The FINRA Complaint alleged that Respondents engaged in securities fraud
16 regarding the sale of municipal revenue bonds to LFC customers.

17 11. On January 31, 2017, Respondents consented to FINRA's entry of an Order
18 Accepting Offer of Settlement ("the FINRA Order").

19 12. The FINRA Order states that from 2013 through 2015, Respondents carried out a
20 securities fraud in connection with the sale of millions of dollars of municipal revenue bonds to
21 LFC customers.

22 13. Specifically, the FINRA Order states that Respondents sold municipal revenue
23 bonds to LFC customers, but fraudulently hid the perilous financial condition of the bond
24 borrowers from the LFC customers who purchased the bonds.

1 14. The FINRA Order further states that Lawson secretly and improperly funneled
2 millions of dollars from an LFC customer's trust account to prop up the faltering bond borrowers
3 and fraudulently hid the payments from the LFC customers who purchased the bonds.

4 15. Pursuant to the FINRA Order, LFC was expelled from FINRA membership, and
5 Lawson was barred from associating with any FINRA member firm in any capacity.

6 16. As Respondents were still registered at the time the FINRA Order became effective,
7 LFC's expulsion and Lawson's bar effectively revoked Respondents' registrations with FINRA.

8 17. On April 5, 2017, Respondents consented to the entry of an Order ("the SEC Order")
9 by the Securities and Exchange Commission ("SEC").

10 18. The SEC Order states that LFC and Lawson violated federal securities fraud statutes in
11 connection with a series of bond offerings from 2010 to 2014.

12 19. Specifically, the SEC Order states that LFC underwrote a series of fraudulent bond
13 offerings which raised millions of dollars for healthcare-related projects throughout the
14 Southeastern and Midwestern United States.

15 20. The SEC Order further states that LFC, through Lawson, conducted inadequate due
16 diligence on the bond offerings and, as a result, failed to form a reasonable basis for believing the
17 truthfulness of material statements in the official statements for the offerings.

18 21. Pursuant to the SEC Order, LFC was censured and Lawson was barred from
19 association with any broker, dealer, or investment adviser, with the right to apply for reentry after
20 three years.

21 22. The SEC Order required LFC and Lawson to pay disgorgement of \$178,750 and pay
22 prejudgment interest of \$19,576.06. The SEC Order also imposed civil money penalties of
23 \$198,326.06 and \$80,000 upon LFC and Lawson, respectively.

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IV.

REMEDIES PURSUANT TO A.R.S. § 44-1961

(Revocation of Registration of Dealer)

23. FINRA's expulsion of LFC from FINRA membership is grounds to revoke its registration as a securities dealer with the Commission pursuant to A.R.S. § 44-1961.

24. Specifically, LFC is subject to an order of an SRO which revokes its membership or registration within the meaning of A.R.S. § 44-1961(A)(10).

V.

REMEDIES PURSUANT TO A.R.S. § 44-1962

(Revocation of Registration of Salesman)

25. FINRA's bar of Lawson from FINRA membership is grounds to revoke his registration as a securities salesman with the Commission pursuant to A.R.S. § 44-1962.

26. The SEC's bar of Lawson from association with any broker, dealer, or investment adviser is grounds to revoke his registration as a securities salesman with the Commission pursuant to A.R.S. § 44-1962.

27. Specifically, Lawson is subject to orders of the SEC and an SRO which revoke his membership or registration within the meaning of A.R.S. § 44-1962(A)(8).

VI.

REQUESTED RELIEF

The Division requests that the Commission grant the following relief:

1. Order the revocation of LFC's registration as a securities dealer pursuant to A.R.S. § 44-1961;

2. Order the revocation of Lawson's registration as securities salesman pursuant to A.R.S. § 44-1962; and

3. Order any other relief that the Commission deems appropriate.

VII.

HEARING OPPORTUNITY

Each Respondent may request a hearing pursuant to A.R.S. § 44-1972 and A.A.C. R14-4-306.

If a Respondent requests a hearing, the requesting Respondent must also answer this Notice. A request for hearing must be in writing and received by the Commission within 10 business days after service of this Notice of Opportunity for Hearing. The requesting Respondent must deliver or mail the request to Docket Control, Arizona Corporation Commission, 1200 W. Washington, Phoenix, Arizona 85007. Filing instructions may be obtained from Docket Control by calling (602) 542-3477 or on the Commission's Internet web site at <http://www.azcc.gov/divisions/hearings/docket.asp>.

If a request for a hearing is timely made, the Commission shall schedule the hearing to begin 20 to 60 days from the receipt of the request unless otherwise provided by law, stipulated by the parties, or ordered by the Commission. If a request for a hearing is not timely made the Commission may, without a hearing, enter an order granting the relief requested by the Division in this Notice of Opportunity for Hearing.

Persons with a disability may request a reasonable accommodation such as a sign language interpreter, as well as request this document in an alternative format, by contacting Kacie Cannon, ADA Coordinator, voice phone number (602) 542-3931, e-mail kcannon@azcc.gov. Requests should be made as early as possible to allow time to arrange the accommodation. Additional information about the administrative action procedure may be found at <http://www.azcc.gov/divisions/securities/enforcement/AdministrativeProcedure.asp>.

VIII.

ANSWER REQUIREMENT

Pursuant to A.A.C. R14-4-305, if a Respondent requests a hearing, the requesting respondent must deliver or mail an Answer to this Notice of Opportunity for Hearing to Docket Control, Arizona Corporation Commission, 1200 W. Washington, Phoenix, Arizona 85007, within 30 calendar days after the date of service of this Notice. Filing instructions may be obtained from

1 Docket Control by calling (602) 542-3477 or on the Commission's Internet web site at
2 <http://www.azcc.gov/divisions/hearings/docket.asp>.

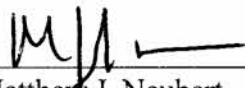
3 Additionally, the answering respondent must serve the Answer upon the Division. Pursuant
4 to A.A.C. R14-4-303, service upon the Division may be made by mailing or by hand-delivering a
5 copy of the Answer to the Division at 1300 West Washington, 3rd Floor, Phoenix, Arizona, 85007,
6 addressed to Chris Nichols.

7 The Answer shall contain an admission or denial of each allegation in this Notice and the
8 original signature of the answering Respondent or Respondent's attorney. A statement of a lack of
9 sufficient knowledge or information shall be considered a denial of an allegation. An allegation not
10 denied shall be considered admitted.

11 When the answering Respondent intends in good faith to deny only a part or a qualification
12 of an allegation, the Respondent shall specify that part or qualification of the allegation and shall
13 admit the remainder. Respondent waives any affirmative defense not raised in the Answer.

14 The officer presiding over the hearing may grant relief from the requirement to file an
15 Answer for good cause shown.

16 Dated this 29 day of November, 2017.

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19 Matthew J. Neubert
20 Director of Securities
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